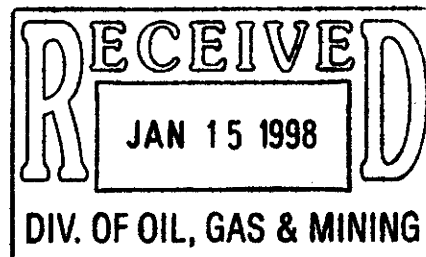


390 South 600 East
St. George, UT 84770
PHONE/FAX (435) 634-1584

023/007



North Lily Mining Company
Silver City Operation



January 13, 1998

D. Wayne Hedberg, Permit Supervisor
State of Utah
Department of Natural Resources
Division of Oil, Gas, and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

RE: Annual Report for Year 1997

Dear Mr. Hedberg:

Enclosed is North Lily's annual report on mining operation and is to comply with Rule R647-003-166 and R647-004-121 of the Division's Amended New Rules, Mineral Reclamation Program.

Sincerely,

Paul C. Spor
General Manager

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